

Message Text

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15

ACTION AF-07

INFO OCT-01 ISO-00 OPIC-03 EB-04 AID-05 TRSE-00 L-01

COME-00 IGA-01 SP-02 CIAE-00 INR-05 NSAE-00 RSC-01

SS-15 NSC-05 /050 W

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P R 290737Z OCT 74

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC PRIORITY 863

INFO AMEMBASSY BLANTYRE

C O N F I D E N T I A L LUSAKA 2225

DEPT PASS OPIC

BLANTYRE FOR ASST SEC EASUM

EO 11652: GDS

TAGS: EFIN, ZA

SUBJECT: TAW

REF: LUSAKA 2186

1. FOLLOWING A FURTHER ROUND OF TELEPHONE EXCHANGES BETWEEN PRIME MINISTER AND AMBASSADOR, TOM WOOD FINALLY MET WITH PM CHONA FOR THREE-HOUR SESSION SATURDAY, OCT 26. IN DEBRIEFING, WOOD DESCRIBED MEETING AS INCONCLUSIVE, WHILE RECOGNIZING IT HAD SUCCEEDED IN CORRECTING PM'S MISCONCEPTIONS AND MISUNDERSTANDINGS. WOOD NOW BELIEVES THAT CHONA HAS SWUNG 180 DEGREES AROUND IN ACCEPTING FACT GRZ HAS A MORAL OBLIGATION AS REGARDS CANCELLATION OF CONTRACT AND UNDERSTANDS WOOD MUST BE COMPENSATED FOR USE AND DEPRECIATION OF 62 TRUCKS IN ZAMBIA. WOOD GAINED IMPRESSION GRZ HAS NOT YET FILED ARBITRATION COUNTER-CLAIM.

2. CHONA APPARENTLY PREFERRED TO KEEP DISCUSSION ON LEVEL OF PRINCIPLES AND RESPONSIBILITIES WITHOUT GETTING INTO NITTY-GRITTY OF FACTS AND FIGURES. HOWEVER, FOLLOWING
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HIS MEETING WITH WOOD, PM PHONED AMBASSADOR LATE

EVENING OF OCT 26 TO SAY HE WANTED ACTUAL COST FIGURES FROM WOOD AT NEXT MEETING, BUT WITHOUT SAYING WHEN THAT WOULD BE. HE SAID GRZ MADE GESTURE TO ALLOW WOOD TO KEEP DISPUTED 1.6 MILLION DOLLAR DOWNPAYMENT AND THAT GRZ WILLING TO PAY K21,000 FOR EACH OF 62 UNITS IN ZAMBIA. WOOD CONFIRMED THIS TO US MORNING OF OCT 28 BUT NOTED CHONA DID NOT IMPROVE HIS OFFER TO COVER DEPRECIATION.

3. WOOD HAS OR IS PROVIDING ACTUAL COST FIGURES TO TAW SYMPATHIZERS WITH GOVERNMENT, I.E., AARON MILNER, MINISTER OF HOME AFFAIRS; AND RUEBEN KAMANGA, TITULAR HEAD OF EASTERN POLITICAL BLOC, MEMBER OF CENTRAL COMMITTEE AND FORMER VICE PRESIDENT. WOOD APPEARS TO BE LAYING THE GROUND WITH MILNER FOR AN EARLY MEETING WITH PRESIDENT KAUNDA AS A HEDGE IN CASE CHONA LAGS ON SETTLEMENT. WE HAVE URGED WOOD TO BE CAUTIOUS IN APPEARING TO UNDERCUT PM, BUT HE CLAIMS TO HAVE HAD SEVERAL MEETINGS WITH PRESIDENT AT CRITICAL TIMES IN PAST WITHOUT PROBLEMS AT LOWER LEVELS.

4. WOOD HAS REVIVED IDEA OF REINSTATING TAW CONTRACT AS CHEAPEST WAY OUT FOR GRZ AND IS TRYING TO CONVINCE MILNER AND KAMANGA WITH THE FIGURES AND INTENDS DO SAME IF SECOND MEETING WITH CHONA MATERIALIZES. HE SEEKS TOTAL PAYMENT IN NEIGHBORHOOD OF 28 MILLION DOLLARS (INCLUDING SHIPPING COSTS WHICH HE SPEAKS OF AS "PENALTY AGAINST GRZ FOR CONTRACT CANCELLATION"). UNDER TERMS OF REINSTATEMENT GRZ WOULD GET 62 TRUCKS IN ZAMBIA, 256 GM TRUCKS IN US AND 12 ADDITIONAL TRUCKS TO BE BROUGHT IN FROM WEST AFRICA FOR A TOTAL FLEET OF 330 AS PER CONTRACT.

5. IN UNDERSTANDING REACHED OCT 26 IN DISCUSSION AMONG ASST SEC EASUM, AMBASSADOR AND TOM WOOD, EASUM AUTHORIZED DISCUSS USE OF AID PROGRAM LOAN BY GRZ IN ITS NEGOTIATIONS WITH TAW IF THIS WOULD FACILITATE SETTLEMENT. THIS AUTHORIZATION CONVEYED TO CHONA BY AMBASSADOR ON SAME DATE. CHONA MOST APPRECIATIVE OF USG COOPERATION AS HE HAD COME TO REGARD OUR STAND AS PARTIAL TO TAW. WOOD AND CHONA DISCUSSED SETTLEMENT ON ASSUPTION AID LOAN COULD BE APPLIED IN SOME WAY.

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